



OFFICE OF AUDITOR OF STATE  
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David A. Vaudt, CPA  
Auditor of State

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**LEGISLATIVE  
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NEWS RELEASE

FOR RELEASE August 23, 2010

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released a report on the Iowa Department of Public Safety for the year ended June 30, 2009.

The Iowa Department of Public Safety is a statewide organization charged with promoting the safety of all Iowans from hazards associated with crime, fire and traffic through law enforcement.

Vaudt recommended the Department improve compliance with requirements for suspension and debarment, financial reporting, segregation of duties for payroll, targeted small business reports and personal services contracts. The Department responded corrective action is being implemented.

A copy of the report is available for review in the Iowa Department of Public Safety, in the Office of Auditor of State and on the Auditor of State's web site at:  
<http://auditor.iowa.gov/reports/1060-5950-OR00.pdf>

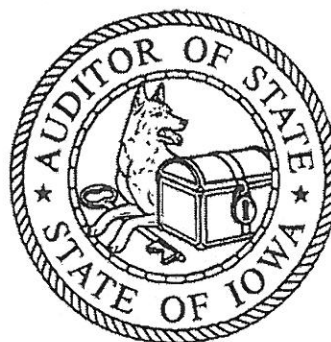
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**REPORT OF RECOMMENDATIONS TO THE  
IOWA DEPARTMENT OF PUBLIC SAFETY**

**JUNE 30, 2009**

Office of  
**AUDITOR  
OF STATE**

State Capitol Building • Des Moines, Iowa



**David A. Vaudt, CPA**  
**Auditor of State**



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David A. Vaudt, CPA  
Auditor of State

August 18, 2010

To Eugene T. Meyer, Commissioner of the  
Iowa Department of Public Safety:

The Iowa Department of Public Safety is a part of the State of Iowa and, as such, has been included in our audits of the State's Comprehensive Annual Financial Report (CAFR) and the State's Single Audit Report for the year ended June 30, 2009.

In conducting our audits, we became aware of certain aspects concerning the Department's operations for which we believe corrective action is necessary. As a result, we have developed recommendations which are reported on the following pages. We believe you should be aware of these recommendations, which include those reported in the State's Single Audit and the State's Report on Internal Control, as well as other recommendations pertaining to the Department's compliance with statutory requirements and other matters. These recommendations have been discussed with Department personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Department's responses, we did not audit the Iowa Department of Public Safety's responses and, accordingly, we express no opinion on them.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Department during the course of our audits. Should you have questions concerning the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our audits of the Department are listed on page 8 and they are available to discuss these matters with you.

A handwritten signature in dark ink, appearing to read "David A. Vaudt".

DAVID A. VAUDT, CPA  
Auditor of State

A handwritten signature in dark ink, appearing to read "Warren G. Jenkins".

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

cc: Honorable Chester J. Culver, Governor  
Richard C. Oshlo, Jr., Director, Department of Management  
Glen P. Dickinson, Director, Legislative Services Agency

Report of Recommendations to the

Iowa Department of Public Safety

June 30, 2009

**Finding Reported in the State's Single Audit Report:**

**CFDA Number: 20.600 – State and Community Highway Safety**

**Agency Number: None**

**Federal Award Year: 2008, 2009**

**CFDA Number: 20.601 – Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants**

**Agency Number: None**

**Federal Award Year: 2007, 2008**

**CFDA Number: 20.602 – Occupant Protection**

**Agency Number: None**

**Federal Award Year: 2006, 2007, 2008**

**CFDA Number: 20.604 – Safety Incentive Grants for Use of Seatbelts**

**Agency Number: None**

**Federal Award Year: 2005**

**CFDA Number: 20.609 – Safety Belt Performance Grants**

**Agency Number: None**

**Federal Award Year: 2006, 2007**

**CFDA Number: 20.610 – State Traffic Safety Information System Improvement Grants**

**Agency Number: None**

**Federal Award Year: 2007, 2008**

**CFDA Number: 20.612 – Incentive Grant Program to Increase Motorcyclist Safety**

**Agency Number: None**

**Federal Award Year: 2006, 2007**

**State of Iowa Single Audit Report Comment: 09-III-DOT-595-4**

Suspension and Debarment – OMB Circular A-133 states the Department is prohibited from contracting with or making awards under covered transactions to parties who are suspended or debarred. The Department did not determine and has not established procedures to ensure transactions are with contractors who are not suspended or debarred.

Recommendation – The Department should establish and implement procedures to ensure transactions are with contractors who are not suspended or debarred.

Response and Corrective Action Planned – The Department will include a suspension and debarment clause in all federal contracts issued by June 30, 2010.

Conclusion – Response accepted.

Report of Recommendations to the

Iowa Department of Public Safety

June 30, 2009

**Findings Reported in the State's Report on Internal Control:**

- (1) Financial Reporting – The Department records receipts and disbursements on the Integrated Information for Iowa (I/3) system throughout the year, including the accrual period. Activity not recorded on the I/3 system is reported to the Iowa Department of Administrative Services – State Accounting Enterprise (DAS–SAE) on a GAAP package. The GAAP package is to be submitted to DAS–SAE by the first week of September each year.

The GAAP package was submitted September 22, 2009, which was not timely.

Recommendation – The Department should ensure the GAAP package is submitted timely.

Response – Due to the amount of information required and the amount of detail the Iowa Department of Public Safety must put into the GAAP package, it is impossible to complete it within the first few days of September. We will continue to work on trying to improve the completion time in future years.

Conclusion – Response accepted.

- (2) Payroll – The Department processes and records payroll and personnel information on the Human Resource Information System (HRIS). The Human Resource Associates utilize an online P-1 document to initiate and approve payroll actions, such as adding new employees and recording pay raises. Individuals have the ability to initiate and approve P-1 documents without supervisory approval.

Recommendation – To strengthen controls, the Department should develop and implement procedures to segregate the duties of the Human Resource Associates.

Response – Given the volume of activity requiring these and other time sensitive documents and the lack of adequate staff to provide for sufficient back-up, it is necessary for staff to have the authority to initiate and approve documents. It is the policy of the Department of Public Safety that staff who initiate a P-1 document not also put the Department Level approval on it. We will reinforce the policy with staff again.

Conclusion – Response accepted.

**Other Findings Related to Internal Control:**

No matters were noted.

Report of Recommendations to the  
Iowa Department of Public Safety  
June 30, 2009

**Findings Related to Statutory Requirements and Other Matters:**

- (1) Targeted Small Business Reports – Chapter 73.16 of the Code of Iowa requires each agency or department to report total purchases from certified targeted small businesses (TSB). This report is due within fifteen days following the end of each calendar quarter to the Iowa Department of Economic Development.

The Department did not submit all required quarterly reports on a timely basis.

Recommendation – The Department should establish procedures to ensure all TSB quarterly reports are submitted on a timely basis.

Response – As a result of budget reductions over the past decade the Department has found it necessary to identify tasks that will no longer be completed. The information requested in the Targeted Small Business Reports is available in the I/3 Data Warehouse and we believe there is no value added by this Department editing the information and making minute adjustments to ensure that it fits a prescribed format.

Conclusion – Response acknowledged. However, the Department should comply with the Code of Iowa or seek to have the provisions changed or repealed.

- (2) Personal Services Contracts – Iowa Department of Administrative Services (DAS) Policy 240.102 provides general guidelines to be used by departments when entering into personal services contracts. The required procedures include a determination, prior to signing the contract, as to whether the contractor has an employer/employee relationship with the State. To make this determination, departments are to submit copies of the pre-contract questionnaire, Internal Revenue Service (IRS) form SS-8 and the proposed contract to the State Accounting Enterprise at DAS.

Testing of ten personnel services contracts for the Department identified the following:

- (1) For six contracts, the contract was signed after the start date.
- (2) For five contracts, the required pre-contract questionnaire was not on file.
- (3) For one contract, the contract did not contain a termination clause.
- (4) For one contract, the selection process was not documented as required by IAC 106.9(8A).

Recommendation – Personal services contracts should include the required elements as identified in the laws and regulations governing state contracts.

Response – This has been a perennial problem for the Department and repeated attempts have been made to correct the deficiencies. While it appears some improvement has been made, as a result of the size of the department and geographic dispersion of personnel, sustainable correction has proved difficult. If there are best practices among other similarly situated departments, of which the State Auditor's Office is aware and able to share, the Department of Public Safety is willing to attempt implementation.

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Conclusion – Response acknowledged. The Department should establish procedures for the review and approval of personal services contracts prior to signing the contract to ensure compliance with DAS Policy 240.102.

Report of Recommendations to the  
Iowa Department of Public Safety  
June 30, 2009

**Staff:**

Questions or requests for further assistance should be directed to:

K. David Voy, CPA, Manager  
Donald J. Lewis, CPA, Senior Auditor  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Daniel L. Durbin, CPA, Staff Auditor  
Tracey L. Gerrish, Staff Auditor  
Alison P. Herold, Assistant Auditor  
Jessica P. V. Green, Assistant Auditor  
Joshua A. Pronk, Assistant Auditor  
Lara K. Van Wyk, Assistant Auditor